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ABSTRACT

Financial support to college students and public and private colleges in Pennsylvania is described. The philosophy in Pennsylvania regarding the survival of private institutions is to provide money to the students, the consumers, and let them decide which institutions fit their basic needs and goals. Pennsylvania has established the Pennsylvania Higher Education Assistance Corporation, which puts $72 to $75 million a year into the student market as direct grants. About $68 million comes from the State Treasury, and the rest is made up of federal dollars and earnings. In addition, Pennsylvania has developed an Institutional Assistance Grant program. Pennsylvania takes the money made available by the legislature and divides it by the number of students who have received grants from private institutions. They then divide out the available money, up to $400 per student. Pennsylvania has also started to move back into direct aid to private institutions. Pennsylvania's system involves: a state-owned system that receives from the treasury virtually all of its money (14 colleges), state-related institutions that receive most of their funds from the state (three institutions), the community college system that receives one-third from tuition and one-third from a local sponsor, and private institutions that receive several million dollars from the state (13 institutions). A brief comparison to the situation in Massachusetts is made. Massachusetts provides need-based aid to students, and the law says that 75 percent of the state aid must go to students who attend private institutions. Massachusetts also allows students to take their money and go to a college in another state. (SW)

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CASE STUDY: PENNSYLVANIA

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Massachusetts Board of Higher Education

U.S. DEPARTMENT OF EDUCATION
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SECTION II

Case Study: Pennsylvania

by

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Let me talk very briefly about Pennsylvania. I am very delighted to be at this particular conference because it is one subject that I have had a great deal of concern about. I have found that in most of Pennsylvania and Massachusetts that there exists a raging debate about how public money will unfold into private institutions.

In Pennsylvania we have one formula and in Massachusetts we have another. I think it would be a mistake if you do not realize that such a policy arises out of a political climate. Out of this climate comes the profound educational question as to the value, if you will, of public dollars going into private institutions. I have always agreed with those who argue that some type of formula is in the best interest of higher education in general.

The question as I see it, is really whether or not we are going to continue to perpetuate the myth of private or independent institutions of higher education just because that myth is worth perpetuating. It means that there is an argument as to whether

or not there really are independent institutions other than those that are strictly proprietary. For example, depending upon who you talk to, in Massachusetts we are told that 50% to 75% of MIT's budget comes from public money, an enormous impact of dollars. One gets the same type of report from Harvard, in that about fifty percent, comes from public dollars.

So we really need to raise the question at some time in the near future, whether or not they are independent. But if they are not, then is it in our best interest to pretend that they are? My answer to that has always been an emphatic yes! This yes has come out of a various number of different directions. The most important direction being the old competitive enterprise of public and private higher education. Having one sector of higher education that can do things differently, take a different path, and a different approach to education, is indeed a very valuable tool to have.

I found that when I was dealing with private institutions of higher education their approach to education would take on a completely different nuance in many respects, than that in public higher education. This I applaud. I find public higher education interested and concerned with things in which private higher education is not interested nor concerned with, and that I applaud. But the problem is, how do we get both of these sections together for the best interest of general higher education in the Commonwealth of Massachusetts or the state of Florida, a very difficult problem.

Pennsylvania has attempted to do this and to bring them together in various ways. The first, and probably the most important

way that Pennsylvania has attemped, is to do it as direct aid to the student. The philosophy in Pennsylvania that has been expressed in conferences and by many of the professional organizations concerned about the survival of private institutions, is that we ought to put money in the hands of the student, the consumer. Let the consumer take that money and shop around where he or she sees fit and go to the institution that fits his or her basic needs, goals, and objectives. Out of this will come the survival of the fittest. Kind of the old 1800, if you will, Andrew Carnegie approach to rugged individualism and capitalism.

To this end, Pennsylvania has set up what is called the Pennsylvania Higher Education Assistance Corporation. That corporation will probably pump about $72 - $75 million a year into the student market as direct grants. About $68 million comes from the State Treasury. The rest is made up of Federal dollars and earnings. In addition, Pennsylvania has developed an Institutional Assistance Grant (IAG) program. This year Institutional Assistance Grant funding of Pennsylvania reached $12.6 million. This is based on a formula. Policy which directs this program is based upon every time a student takes some money from the Commonwealth of Pennsyvlania, and enters a private institution with that money, that there is a direct cost that private institution has to bear to educate the Pennsyvlania student. What the Legislature did was provide that for every student who desired to enter a private institution with Pennsyvlania grant money, they would give that institution $400 or there abouts to cover the direct costs -

the administrative and teaching part - of educating that young person. The point of it is really very simple. Pennsylvania simply takes the money made available by the Legislature, and this year they indicated 12.6 million, and divide it by the numbers of students who have received grants from private institutions. They then divide out the available money, up to $400 per student. This year, for the first time, each institution will receive $400 per student. In previous years they fell short, but they never fell under $300. This is the first year that they will reach the maximum as quoted by the legislature ($400 per student).

Pennsylvania has also started to move back into direct aid to private institutions. There are thirteen private institutions in the Commonwealth which have received direct dollars from the State Treasury. There are four private medical schools that in its wisdom the Legislature way back when, now about fifteen years ago, decided that they needed to help to support the State's private medical schools pay off an accrued financial liability. Subsequently, on a formula per student basis, the State issued some money to each of the private medical schools. The most expensive as I recall being Thomas Jefferson University which received about $6 million.

There were also nine other private institutions that received direct State aid. (Private means that they are not state-controlled. The Board of Trustees is not controlled by public appointees) The nine institutions run the gamut from the University of Pennsylvania

which received about $13 million of.State aid last year, right down to the Philadelphia College of Textile and Science which received $250,000 last year.

Now to confuse and compound the problem in Pennsylvania, we have three institutions that, except during budget times, say they are private. They are Temple University, The University of Pittsburgh and Pennsylvania State University. For fifty-one weeks out of the year they are private institutions. For one week out of the year they are public institutions. This was recorded directly from the state, and the state knows that they are public but they do not bother them.

Thus in Pennsylvania we have basically a four pointer system. First, we have a state-owned system which receives from the treasury virtually all of its money. These are the fourteen state colleges which were one time teacher colleges and are now trying to grow up and be something else. Second, we have the state-related, which are Pennsylvania State, Temple and Pittsburgh. Most of what they receive comes from the state. As I recall the last figure for those three institutions was something like $350 million. Third, there is the community college system which receives one-third from tuition, and one-third from a local sponsor. Finally, we have our thirteen which are private institutions, called state-aided because they get several million dollars from the state. Well, that gives you a

rough summary of what is being accomplished.

The Commonwealth of Massachusetts is not nearly so sophisicated in support of its private institutions. We simply have an aid program. We have $13 million of direct aid to students based on need, and the law says that seventy-five percent of that state aid must go to students who attend private institutions. So we have twenty-five percent of that $13 million that can be spent on students who attend public institutions. The other seventy-five percent has to be spent on the students who attend private institutions. There is one small postscript to that which I always have to bring before educators. Massachusetts is of only four states that allows money to be migrated out. Students could take their money and give it to a private institution in Florida if they so chose without penalty. Perhaps other states should be aware of this, and perhaps it will change some of their bad habits. Mr. Chairman, that summarizes Pennsylvania and Massachusetts. I will be glad at the end of the period of time to answer any questions.